

Federal Transit Administration

2011 PMOC Annual Conference

Improving Oversight Consistency While Managing a Diversified Portfolio of Projects and
Grantees

JANUARY 19-21, 2011
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Washington DC, 20036

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Welcome

Sean Libberton, Deputy Associate Administrator for Program Management

Sean Libberton, Deputy Associate Administrator for Program Management, thanked participants for attending the conference and summarized the activities of the Office of Engineering. He said that the number of projects FTA is overseeing has grown, with the portfolio expanded to include 150 ARRA Capital Projects. These projects will be highly scrutinized and FTA must do its best to ensure they come in on time and within budget.

The agency has received nearly \$500 million for transit projects under the TIGER program, and enough funds to develop another 9 projects under TIGER II. PMOCs have been assigned to oversee some of these projects.

Libberton congratulated participants for their performance overseeing New Starts projects, and pointed out that the most recent report issued by the U.S. Government Accountability Office (GAO) did not offer specific recommendations for improvement. GAO did note, however, that FTA will continue to face challenges in overseeing mega projects and communicating its expectations to grantees so projects can proceed expeditiously.

Legislative and Program Updates—Part 1

FTA Re-Authorization Status

Richard Steinmann, Senior Advisor, Office of the Administrator

Richard Steinmann, Senior Advisor, Office of the Administrator, reported that the previous Surface Transportation authorization, SAFETEA-LU, expired September 30, 2009, and that the agency has sustained itself through a series of temporary extensions. During FY 2011, he said, “we won’t see further changes in program structure. It will all be about funding levels.”

The Department of Transportation (DOT) and the Obama Administration hope that Congress will enact a multi-year bill of “some length” for FY 2012.

The re-authorization bill may include measures similar to those contained in the FY 2011 budget, including streamlining transit development programs and program delivery, bringing transit systems into a State of Good Repair (SGR) and providing oversight. The bill may also emphasize the importance of performance and accountability to ensure federal funds for public transportation are “wisely spent,” said Steinmann.

New Starts Process and the New Starts Rule

Beth Day, Director, Office of Project Planning

Accompanying PowerPoint:

Power Point Presentation – Beth Day

Beth Day, Director, Office of Project Planning, provided an update on FTA’s Major Capital Investment Program. In January 2010, she said, DOT Secretary Ray LaHood announced changes to the New Starts/Small Starts regulatory framework. The following June, an Advanced Notice of Proposed Rulemaking (ANPRM) was published in the Federal Register seeking comments on how to improve the justification criteria used to rate transit projects. FTA also held seven “listening sessions” and one webinar to get additional feedback.

The comment period ended in August 2010. The next step is developing the Notice of Proposed Rulemaking (NPRM).

Project Management Rule Status

Carlos M. Garay, Project Engineer, Office of Engineering

Carlos M. Garay, Project Engineer, Office of Engineering, provided an update on the status of the Project Management Rule. The ANPRM was issued in September 2009 and the NPRM is now under review. The proposed rule includes changes to the definition of Major Capital Projects, highlights of recipients’ responsibilities for project management and clarification of oversight responsibilities.

Discussion

Several participants expressed frustration over grantees that disregard PMOCs recommendations. Day urged PMOCs to “recognize the political environment in which these transit projects live” and explained that issuing a “punch list” for grantees to follow will not work.

Libberton reminded the group that the agency sought comments on what qualifications grantees should have to successfully implement capital projects. “You will see in the NPRM a better flushed out series of qualities of competencies we expect our sponsors to possess,” he said.

Aaron James, Director, Office of Engineering, added that FTA Administrator Peter Rogoff asked to be notified of cases in which grantees are being uncooperative with the agency’s requests. James said that the new rule may not be as “prescriptive” as some PMOCs would like but it would hopefully clarify FTA’s expectations of the project sponsors’ deliverables.

Garay emphasized that FTA will assess technical capacity and capability of grantees to ensure they can manage the process but FTA will not manage the projects. FTA's role will continue to be in the area of oversight.

Michael O'Connor, Senior Risk Manager, Region 2, added that FTA doesn't have "police power, but we have regulatory power."

What is FTA's approach to restoring transit systems to a State of Good Repair (SGR)?

James said that FTA is trying to identify funding sources to help transit systems reach a SGR but that's difficult given the current economic climate. The agency's focus is on launching the Transit Asset Management (TAM) pilot program to address challenges identified in previous research by FTA. The agency is soliciting proposals from public transportation providers, state DOTs and Metropolitan Planning Organizations (MPO) to participate in the pilot.

Libberton reported that the April 2009 Rail Modernization Study, submitted to Congress, identified a backlog of \$50 billion to bring the nation's seven largest rail transit operators into a SGR. FTA's National State of Good Repair Assessment Study, requested by Secretary LaHood as a follow-up to the earlier study, revealed it would take \$77 million to bring all of the nation's transit systems into a SGR.

The FY 2011 budget proposed the creation of a SGR formula program made up of a combination of the Fixed Guideway Modernization Program and Discretionary Bus and Bus Facility Program—funded at a higher increase than that proposed for the New Starts Program.

"Expansion versus reinvestment is a tight rope to walk," Libberton said. "How to promote both of them is something we want to do. We are seeing how we can raise that issue to a higher level."

Research Initiatives

Patrick Centolanzi, Transportation Program Engineer, Office of Technology

Matthew Lesh, Transportation Program Specialist, Office of Mobility Innovation

Steven Mortensen, General Engineer, Office of Mobility Innovation

Accompanying PowerPoint:

[Power Point Presentation – Patrick Centolanzi](#)

[Power Point Presentation – Matthew Lesh](#)

[Power Point Presentation – Steven Mortensen](#)

Patrick Centolanzi, Transportation Program Engineer, Office of Technology, reported that the Rail Safety Improvement Act of 2008 required that Class 1, intercity, and commuter rail carriers develop and submit to the DOT Secretary their plan to implement a Positive Train Control (PTC) system by December 31, 2015. FTA is seeking research proposals to study PTC system implementation on a commuter rail or regional rail line.

The project, he said, will evaluate current PTC technology, document implementation issues and state the need for further research in Rail Transit Signal and Control Systems for commuter and regional rail operations.

Matthew Lesh, Transportation Program Specialist, Office of Mobility Innovation, reported that transit agencies operating capital projects were able to apply for grants under the Transit Investments for Greenhouse Gas & Energy Reduction (TIGGER) Program. Examples of eligible projects include replacement or repowering of existing transit vehicles, on-board vehicle energy management and electrification of accessories. Examples of oversight PMOCs could be asked to provide: regulatory monitoring, single bid reviews and evaluation of project teams.

Steven Mortensen, General Engineer, Office of Mobility Innovation, announced that his office is defining an Intelligent Transportation Systems (ITS) research agenda, offering a 20-year vision for transit and ITS, and documenting a 5-year plan of investments and metrics for measuring success. ITS projects include the traveler information program. FTA recently completed studies on customer preferences, bus LED signage and transit vehicle real-time arrival information.

Discussion

Does the agency have lessons learned in ITS that could be applied to Class I and commuter railroads?

James said the Office of Program Management is working closely with the Office of Research and Innovation to identify areas where research can address current needs.

Any data on real-time onboard activities that can be used in case of an emergency?

Speakers said the agency is looking at collecting data onboard vehicles that can be transmitted in real time to transit management centers.

James added that a PMOC has been assigned to oversee a grantee that is in the process of developing PTC equipment.

Legislative and Program Updates—Part 2

FRA's High Speed Rail Program

Neil E. Moyer, Chief, Financial & Economic Analysis Division, FRA

Accompanying PowerPoint:

[Power Point Presentation – Neil E. Moyer](#)

Neil Moyer, Chief, Financial & Economic Analysis Division, FRA, said that DOT recently awarded an additional \$2.4 billion for planning and construction of a high speed Intercity Passenger Rail (IPR). Development phases for major passenger rail corridors are the same as those for transit. Given the variation in project readiness, FRA structured the solicitations to allow for funding across all phases.

Program challenges include developing technical capacity throughout the U.S. industry to conduct the program, moving toward equipment standardization, building partnerships with private railroads and preserving freight rail systems. FRA plans to use contractors to help oversee the planning, design and construction phases as well as to review environmental documents and financial plans.

Discussion

One participant pointed out that the industry is investing heavily in technology but many manufacturers of rail equipment are foreign companies.

Moyer said DOT Secretary LaHood is taking a “personal interest” in promoting the use of American manufacturers. “Part of the challenge is the timing,” he said. “If you build a system you need to get it done quickly.”

A participant suggested U.S. companies form partnerships with firms which have already received contracts to build equipment in this country.

Will FRA share high speed corridors with slower freight trains?

“Incremental high speed rail is the only one done in the U.S.,” he said, specifically in the North East Corridor, which doesn’t carry much freight anymore. To ensure that capacity can be provided safely, incremental rails for mixed use will be built to operate at speeds of 90 to 110. The newer ones are going to be on new rights-of-way, although there may be some sharing in localized areas, he said. Volume changes from one city to another.

Procurement Issues

Carolyn Horne, PMO Contracting Officer, Office of Procurement

Dorian Ridley-Curtis, PMO Contracting Officer, Office of Procurement

Accompanying Power Points:

Power Point Presentation – Carolyn Horne

Power Point Presentation – Dorian Ridley-Curtis

Carolyn Horne, PMO Contracting Officer, Office of Procurement, said PMOCs cannot remove or replace key personnel—including program managers, TOMs or civil engineers—until the Contract Officer approves the changes. PMOCs must provide information to support the proposed action so the Contract Officer can evaluate the potential impact of the contract change.

She then addressed reimbursement of travel costs. PMOCs must schedule travel in advance to get discount rates, she said, “unless authorized in writing by the Contract Officer.” Contractors must travel by “air coach” or “air tourist” unless it is “unreasonable or impracticable.”

Dorian Ridley-Curtis, Contracting Officer, Office of Procurement, walked PMOCs through the invoicing process. To avoid delays or disapprovals, she advised, contractors must submit invoices electronically, number each invoice numerically, provide all required supporting documentation and prepare invoices based on contract terms. COTRs/TOMs must perform required reviews and approvals within five days of receiving invoices.

Discussion

Several PMOCs reported they were unable to get federal rates at hotels when traveling on business—even when they showed hotel staff a letter from FTA identifying them as contractors. What can FTA do to help them?

Ridley-Curtis said she was not aware of this predicament and would look into it. PMOCs could get a federal ID but they’d have to go through security clearance, a process that may take several weeks.

Can PMOCs charge FTA for use of the Internet while traveling? Ridley-Curtis said the government would not pay for use of the Internet.

Several participants asked about staff personnel changes.

Steve Asatoorian, COTR, Office of Engineering, spelled out the process: PMOCs submit resumes to HQs, where they are reviewed and forwarded for comments to TOMs in the region. Resumes, along with comments from the region and HQs, are then submitted to the Contract Officer.

Asatoorian urged contractors to submit separate invoices for separate projects, and to send hard copies to their TOMs a week prior to inputting them through MarkView.

Conflict of Interest

Stephen Pereira, Attorney-Advisor, Office of Chief Counsel

Accompanying Power Point:

Power Point Presentation – Stephen Pereira

Stephen Pereira, Attorney-Advisor, Office of Chief Counsel, focused most of his discussion on impaired objectivity, and reported on discussions underway within FTA regarding organizational conflict of interest (OCI) contract clauses.

Pereira emphasized that the clauses do not constitute a formal guidance. FTA is simply giving participants a “heads up” on the agency’s thinking about OCI-related issues.

Contract clauses discussed, he explained, would require contractors to maintain and provide up-to-date OCI information to Contracting Officers. Contractors would have to give “written notice” to Contracting Officers after the contract was awarded if they discover the existence of OCI which could not “reasonably have been known” prior to the award.

Written notice would also have to be given if additional conflicts or potential conflicts arise after the contract award.

When contractors first learn of an “actual, apparent, or potential OCI,” he said, they would also have to formulate and forward proposed mitigation plans to Contract Officers. If Contracting Officers decide that such measures don’t resolve OCIs, they would take steps to “avoid, neutralize or mitigate” the OCI, Pereira said.

If agreements cannot be reached or if contractors violate the agreement, Contracting Officers could terminate the contract for default.

Pereira added that contracts would also be terminated if contractors misrepresent the facts regarding OCI or fail to disclose the conflicts.

Another clause would require contractors to inform Contracting Officers about OCI or potential OCI resulting from mergers, acquisitions or divestures within 30 days after the corporate transaction becomes effective.

Contractors would also be prohibited from submitting bids, proposals or similar documents to grantees they are supervising while under contract with FTA. Pereira said that, “FTA interprets these clauses to mean that you will provide notice to your Contracting Officer each time you propose to accept work from an FTA-funded entity.”

The Contracting Officer will then consult with subject matter experts and determine whether the proposed work presents an OCI.

Contractors would also have to agree to notify COTRs and Contracting Officers of any personal conflict of interest regarding any employee working on or having access to information regarding this contract, when such conflicts have been reported to the contractor.

Discussion

Several participants expressed concern over the clauses Pereira described. One contractor asked whether Contracting Officers wanted to know about “every contract we have” with FTA grantees. He said his firm has offices throughout the country and gathering that information would be time-consuming. “If we need to do that we need to have plenty of notification,” he said.

Another contractor echoes his colleagues’ concern adding that his firm employs thousands of people and “everyday somebody signs a contract. He said he was confused by FTA’s thinking. “You hired us because we have experience,” he said, “but now you exclude us from assignments because we have experience?”

Pereira repeated that these clauses are not formal guidances.

FTA Contract Officer James Harper added that “there is still dialogue going on” within the agency about these clauses but no “direction” to industry as of yet.

Another FTA regional representative said that mergers and acquisitions are shrinking the pool of possible contractors, increasing the existence of real or potential OCI. Has FTA thought through the consequences such stringent OCI clauses would have on contractor availability?

Harper said that FTA has been actively recruiting contractors to join the PMO program but “there is not much more we can do other than put emphasis that there is a need for the program to grow. We could ask primes to bring on subs, if they will, but that’s their competition. Again, when one big company acquires a smaller one we have to go through this OCI process.”

Discussions are underway, Harper clarified, to develop a “universal clause” on OCI for inclusion in all contracts.

Asatoorian explained that the Contracting Officers consult with FTA technical and legal staff as well as its regional representatives prior to making a decision on whether OCI exists. “Contract officers are the only ones in FTA who can make that decision,” he said.

Pereira explained that the Contracting Officers are also responsible for “any other actions required for coordination of response” to an OCI matter.

Asatoorian added that COI reporting extends to subcontractors as well. In two instances, he said, FTA had to “remove” a contractor working on a project because the agency discovered that an OCI wasn’t identified. “It caused a lot of headaches to close the project,” he said.

Keynote speaker

Administrator's Address:

Peter Rogoff, Administrator, FTA

FTA Administrator Peter Rogoff commended PMOCs and FTA staff for setting a strong record of oversight performance, pointing out that seventy-five percent of the agency's transit projects were finished on or under budget.

"By and large," he said, "we've done an extraordinarily good job."

But the failure of a few high-profile projects could "undermine" the agency and jeopardize funding as national debate over government spending heats up and Congress considers FTA's reauthorization bill.

Rogoff cited projects sponsored by Houston Metro and Hampton Road Transit as particularly worrisome since they involved regulatory violations and disregarded the agency's policies and procedures.

FTA is launching a "top to bottom review" of its oversight function to ensure problems that arose in projects gone awry can be avoided in the future.

Rogoff urged participants to "speak up" when they see red flags. "We are looking to your professional judgment," he said. "We need folks to elevate issues early on. Let's solve the problem before grantees are sent back to the drawing board."

Rogoff then turned his comments to other transit issues. He said that keeping transit systems in a state of good repair is at the heart of this Administration's policy and a "core moral responsibility" the agency feels toward transit dependent people everywhere. "We must get past everyone's excitement about new buildings while underfunding the existing footprints."

Discussion

A conference participant asked what criteria FTA will use to distribute SGR funding.

Under the 2011 budget proposal, Rogoff said, funding for the Bus and Bus Facilities Discretionary program and the Fixed Guideway Modernization program was combined and given the largest percentage increases of any formula program in the budget. "The program as newly configured doesn't exist yet," he said, "Congress hasn't authorized it." When it does, FTA will issue regulations. Bus operators would receive at least the same level of funding as in the past, and "we'd like to see growth in the rail area," he said.

Another participant asked about the upshot of the New Jersey Transit ARC project.

Rogoff said that FTA's experience with the ARC project prompted the agency to further clarify its expectations. In letters granting sponsors entry into PE, for instance, FTA now publishes mid-range funding risks as well as low-range risks.

Another lessons learned from the ARC project is the importance of winning the public's trust by being up-front about estimated project costs. "If, through PE and FD, the project sponsor can bring the cost down, we'll say so and applaud them for doing it," he said. By the time an FFGA is submitted, the FTA can have a more realistic "dialogue" with the public about project cost.

To what extent will PMOCs and grantees be involved in the top-to-bottom oversight review?

Providing oversight is crucial but it isn't enough to ensure project success, another participant said. He suggested FTA empower grantees early on in the process by preparing them to take on transit projects.

Rogoff agreed that some grantees need more technical assistance than others, but those launching projects in the billion dollar range must have their "act together." He said FTA will reject projects if sponsors are viewed as lacking necessary technical capacity and capability to manage them.

The agency, he added, needs to "recognize" that experienced grantees with proven track records should not be treated the same as inexperienced project sponsors. The agency is working on "trying to tool" a more flexible project approval process to accommodate grantees of varying experiences. "We are committed to streamlining the process," he said, "but not sacrificing results while we do it."

Will PMOCs be involved in the top to bottom review?

Rogoff said he expects PMOCs to provide a "major contribution" to the review. "You are our tools," he said. "We have 500 people (in FTA) and the volume of work we do could justify tripling that number."

Annual Performance Evaluations

Corey Walker, General Engineer, Office of Engineering

*Accompanying Power Point:
Power Point Presentation – Corey Walker*

Corey Walker, General Engineer, Office of Engineering, summarized the annual PMOC evaluation process from the point of view of both the evaluator and contractor. PMOCs, he explained, are evaluated based on quality of service, cost control, business relations, timeliness, management of key personnel and other areas.

He told evaluators that they must let contractors know how they are doing along the way to avoid surprises during formal evaluations. FTA recommends at a minimum a mid-year discussion on performance. FTA staff should evaluate prime contractors' performance only, not the sub-contractors.

Narratives, he said, are the most important part of the Contractor Performance Assessment Report.

Discussion

When selecting PMOCs, James said, contractors with exceptional and very good ratings will get greater consideration than those with satisfactory ratings. "The main point is that this (system) isn't something that just FTA uses," he said, "It's also used by other government agencies. The bottom line is: strive to be the best that you can be."

FTA staff encouraged PMOCs to meet with TOMs every three months to get a read on their performance so they're not surprised when the formal evaluation is conducted.

Asatoorian outlined the evaluation process. TOMs evaluate PMOCs and send their comments to HQs, COTRs and others involved in the contractors' projects. Questions are referred back to the regions. "We're looking overall to ensure contractors do what they are supposed to do and are being evaluated properly by everybody," Asatoorian said.

The evaluation must be approved by the Contracting Officer. Horne said that if the rating comes in as unsatisfactory but the documentation submitted does not support that finding, "then I don't agree with the rating."

On another note, Asatoorian said that FTA will give conference participants a certificate diploma. This is an effort to accommodate FTA task order manager's COTR continuing education requirements - but it will only be valid if the information is keyed into the Acquisition Career Management Information System (ACMIS). "It has to go through that," he said, "then the Office of the Secretary of Transportation (OST) will look at it to see if we should give you credit."

Are webinar conference participants eligible for certificates?

Asatoorian said he will check with the Office of Procurement to see whether credit can be granted to webinar conference participants.

Contract Management—Part 2

PMO Program Opportunities for Improvement

Moderated by: Steve Asatoorian, Contracting Officer's Technical Representative, Office of Engineering

Asatoorian opened up the floor for discussion on how to improve FTA's PMO Program.

One participant shared his concern about uncooperative grantees who insist on applying for entry into PE when they clearly haven't met FTA requirements to do so. "FTA or PMOCs should not take responsibility for delays when grantees don't respond," he suggested.

A regional representative suggested PMOCs review grantees' procurement systems.

James said FTA is looking into getting "specialized contracting support" to examine grantees' procurement systems. "How do we make it more risk driven rather than (stick with) the annual or triennial review schedule?"

Libberton added that a procurement oversight working group has been formed to look at grantees' procurement systems. The agency conducts Procurement Systems Reviews (PSR) of the top 30 agencies every three years. One of FTA's criteria for conducting PSRs, he explained, is the size of the agency.

"Is that the right criteria?" Libberton asked. Should the agency conduct PSRs of grantees developing high-profile New Starts projects? "We are looking at the traditional criteria and assumptions to see if they work for us," Libberton said. "How do we get more bang for the buck in the program?"

An FTA staff member suggested that different PMOCs make presentations about their projects at HQs so they could "get a better feel for the projects other than what you just read in Monthly Reports."

Several PMOCs expressed concern over requests for PMO report drafts through the Freedom of Information Act (FOIA). "When we give out those drafts," said one participant "those words are being used to curse the projects." Does FTA have a response to what can be done with FOIA requests?

Asatoorian said the agency must provide any document requested, including drafts and emails. FTA, however, hasn't received many FOIA requests over the past few years.

James said that the NPRM includes "an article that deals with the obligations or requirements of PMOCs. The intent behind the language is to give PMOCs some leverage in case where (they) are called into court."

Asatoorian added that contractors summoned to go to court on behalf of FTA have to contact the agency's legal department immediately. "In the past," he said, "our legal people took care of it. I've never seen a PMOC go (to court) and testify and we've had several request for PMOCs to testify."

Is oversight determined by funding levels for projects?

"That's something we are looking at through our streamlining effort," said James. "We provided a proposal that looks at giving a pass to grantees based on several things, and certain requirements would be exempt."

Criteria for providing oversight resources include grantees' experience and their internal risk process, complexity of the project and FTA's financial investment. "Nothing is final yet," James added, "but it's going in the direction of applying oversight resources based on the level of risk."

Regions now decide on the level of oversight based on grantees' needs. One participant said her region seeks PMOC resources to help oversee New Starts projects, ARRA projects, discretionary projects, high-profile projects and others the management team determines to be high-risk.

Thursday, January 20, 2011

Tools for Successful PMO Implementation—Part 1

Risk Assessment Methodology Overview

David Sillars, Sillars Consulting

Mike Wetherell, Urban Engineers

Accompanying Power Point:

Power Point Presentation – David Sillars and Mike Wetherell

The risk management process, speakers explained, involves four elements: Identifying risks, assessing their magnitude, developing plans to minimize risks and managing execution of the plans. More specifically, FTA evaluates an agency's technical capacity and capability to perform the project, identifies and develops action plans for risky events, creates informed assessment of likely cost and schedule outcomes and assures plans are in place to protect the project.

Prior to each evaluation, three primary review meetings are held between the grantee, the PMOC and FTA. These meetings are supplemented by working groups designed to develop the details of the risk reviews.

Organizing Risk Workshops: Breakout Session

John Lehman, Hill International

Accompanying Power Point and Handouts:

Breakout Session Report

Oversight Procedure 40 – Risk and Contingency Review

Power Point Presentation - OP40 Guidelines and Practices

Power Point Presentation - Organizing Risk Workshops

Risk Session Quiz

John Lehman, Project Manager, Hill International, addressed the importance of risk assessment workshops. Workshop goals, he said, include establishing the most likely project costs, determining the range of most likely Revenue Operations Date and recommending a level of project contingency for entry into Final Design that reflects the current status of risk mitigation.

Participants received a survey asking them about their experiences working with various risk assessment models and their opinions regarding the degree to which such assessments should be conducted during various phases of the development process. FTA said these responses would be used to improve the program.

Discussion

Should PMOCs view themselves as risk managers for grantees?

Speakers reiterated that PMOCs do not manage grantees' projects or develop mitigation plans for them. They simply use FTA tools to monitor the development of transit projects and report back to FTA with recommendations to strengthen the project. FTA then sits down with grantees to negotiate changes.

Grantees should be managing risks, speakers add, and PMOCs are providing a way for them to get into the risk management business.

Grantees balked at the risk assessment process when first introduced to them, James explained. But they now see the value of it. "It's either deal with realities now and up front," he said, "rather than later."

How do you break up the beta factor?

Breaking up the beta factor into different types of risk (design, market) allows PMOCs to adjust different elements depending on the contract delivery method, speakers explained. If grantees contracted with a design builder early on, they may have significantly reduced the market risk portion of the beta factor.

The speakers suggested grantees take each risk and categorize it under design, market or construction.

A PMOC commented that grantees often shirk away from discussing secondary mitigation when the topic is raised.

James explained that grantees must have risk managers on board who are continuously monitoring their projects to make sure they are progressing as planned “Our job is to make sure they’re putting mitigation into place.” If they don’t, the project is likely to run into problems and delays.

Tools for Successful PMO Implementation—Part 2

Maritime Administration’s Ship America Requirement

John Susino, Sr., Regional Engineer, Region 2

Dennis Brennan, Senior Trade Advisor, Office of Cargo Preference and Domestic Trade, Maritime Administration

Murray Bloom, Assistant Chief Counsel for Maritime Programs, Maritime Administration

Accompanying Power Points and Handouts:

Power Point Presentation – John Susino

Power Point Presentation – Dennis Brennan

Cargo Preference Handout - Brennan

Dennis Brennan, Senior Trade Advisor, Office of Cargo Preference and Domestic Trade, Maritime Administration, explained that promoting and maintaining the U.S.-flag merchant marine is necessary for defense and economic security. He pointed out that “there is a minimum of 50% requirement” for FTA grantees to use U.S.-flag as required under the Cargo Preference Law.

FTA should recommend that grantees communicate with the Maritime Administration and carriers early on to allow for maximum U.S.-flag bids and competition, said John Susino, Sr., Regional Engineer, Region 2. U.S.-flag rates, he said, must be reviewed in the context of U.S.-flag costs and Foreign Flag rates cannot be considered in the evaluation.

Discussion

Brennan cautioned participants about booking with the wrong companies. Lots of American companies operate ships that are not using the U.S.-flag. “Don’t mix up American versus U.S.-flag,” Brennan said. “All major carriers that operate U.S.-Flag also operate non-U.S.-Flag. When making the booking, clearly specify U.S- Flag is required.”

A U.S.-Flag ship, he explained, is a vessel that is registered in a port of the U.S, has a U.S. citizen crew and has a flag with the Stars and Stripes.

Buy America Compliance and OP 36

Jayme Blakesely, Attorney-Advisor, Office of Chief Counsel
John Bell, Chief, Technical Services, Office of Engineering

Accompanying Power Point:

[Power Point Presentation – Jayme Blakesely](#)

Jayme Blakesely, Attorney-Advisor, Office of Chief Counsel, said the agency is eager to work with grantees to help them comply with Buy America laws. After discussions with FTA, for instance, WMATA and Kawasaki agreed to have up to 748 rail cars assembled in the U.S.

Because of Buy America violations, Midwest Bus will be re-manufacturing and re-installing the bicycle racks at its own expense and Houston METRO will have to terminate its contract with CAF and re-procure rolling stock.

Blakesely clarified the difference between Buy America and Buy American. Buy America applies solely to grants issued by FTA and FHWA. But Buy American may be applied to all direct U.S. federal procurements. The Administrator may waive the general requirements if he finds that the materials for which a waiver is requested aren't produced in the U.S., or aren't available in the quantities and qualities required.

Speakers stressed that Buy America is a requirement in all FTA funded projects and must be present in all contracts at all levels, including sub-contractors and suppliers.

Tools for Successful PMO Implementation—Part 3

Dealing with Contaminated Real Estate

Pam Peckham, Real Estate Specialist, Office of Engineering
Joe Ossi, Environmental Protection Specialist, Office of Planning and Environment
Maya Ray, Environmental Protection Specialist, Office of Planning and Environment
Robert Merryman, O.R. Colan & Associates

Accompanying Power Points and Handouts:

[Memo Regarding FTA Brownfield Policy](#)

[Power Point Presentation – Joe Ossi](#)

[Power Point Presentation – Maya Ray](#)

[Power Point Presentation – Robert Merryman](#)

[Brown Field Cleanup Grant Fact Sheet](#)

[Brown Field Assessment Grant Fact Sheet](#)

[Valuation of Railroad Right of Way Handout](#)

Robert Merryman, O.R. Colan & Associates, explained that most projects are encountering contaminated parcels and FTA policy requires that the price be adjusted to

compensate for “dirty” parcels. Grantees must obtain site environmental reports and convey them to appraisers in the Scope of Work.

The project budget may need to be adjusted for clean-up if the property is acquired based on FTA policy.

Maya Ray, Environmental Protection Specialist, Office of Planning and Environment, said that the EPA Brownfields Program provides financial and technical assistance for brownfield revitalization, including grants for environmental assessments. The agency will also pay up to \$200,000 to cleanup a contaminated site.

Joe Ossi, Environmental Protection Specialist, Office of Planning and Environment, said DOT encourages transportation-related redevelopment of brownfields. The agency also requires that site assessments be carried out to determine remediation needs and costs—both construction-related and permanent—as well as community impacts.

FTA, Ossi said, will not help pay remediation if another entity is legally responsible for the clean-up unless transit contaminated the property. But the reality is that many brownfields are abandoned, tax-delinquent properties.

Discussion

If a grantee wants to acquire property contaminated with asbestos who pays for the clean-up? Is the land less valuable?

Ossi said the agency would first ask the appraiser to determine the “highest and best use of that property.” If the asbestos has to be removed, the property value would be adjusted to reflect the “diminution of value.” If asbestos doesn’t affect the usability of the building, there would be no reduction in value.

Project and Construction Management Guidelines

Dale Wegner, Project Engineer, Office of Engineering

Tim Mantych, Jacobs Engineering

Accompanying Power Point and Handouts:

Power Point Presentation – Tim Mantych

Tim Mantych, Jacobs Engineering, reported that 14 PMOCs submitted comments on the final draft of the Project and Construction Management Guidelines which was issued in November 2010. Contractors recommended that the agency address FTA risk assessment and contingency management policies as well as increase design management guidances.

PMOCs also suggested that FTA address the use of non-traditional project delivery approaches and provide examples of financing techniques for public transit.

FTA will consider addressing comments on the final draft then the guidelines will be finalized and posted on the web.

Discussion

Several questions were raised regarding requirements grantees must meet to enter into various phases of development.

Speakers said FTA issued check lists for items that must be addressed to gain entry into Preliminary Engineering, Final Design and FFGA.

James added that the NPRM addressed various plans that are incorporated as part of the Project Management Plan (PMP) and made references to sub-plans. “By virtue of the fact that it is part of the PMP,” he said, “it also requires approval by FTA.”

PMO Experiences—Part 1

Overseeing Multi-Modal and Multi-Jurisdictional Projects within FTA Framework

Michael Eidlin, Gannett Fleming

*Accompanying Power Point:
Power Point Presentation – Michael Eidlin*

Michael Eidlin, Gannett Fleming, said the Columbia River Crossing project involves 2.9 miles of an LRT extension, 5 miles of highway improvements and 7 interchanges. Project participants included FTA, FHWA, FAA, 12 tribal government, TriMet and C-Tran, Port of Portland and Port of Vancouver and legions of agencies from both sides.

Total project cost: \$3.565 billion. Transit project cost: \$931.7 million. Revenue service date is slated for August 2019.

The project, said Eidlin, had significant constraints such as Native American cultural resources, presence of threatened and endangered species in the Columbia River and North Portland Harbor, and proximity to Vancouver National Historic Site. Eidlin said he learned that every decision is political; it’s easier to agree on a goal if leaders are on the same page, organizational dynamics are more of a factor and conflict resolution is a constant.

Overseeing Design/Build Contracts

Donna Douville, Program Management and Oversight Team Leader, Region 8

Vince Gallagher, Hill International

Matt Trzepacz, Hill International

Accompanying Power Point and Handouts:

Power Point Presentation – Donna Douville, Vince Gallagher and Matt Trzepacz

Vince Gallagher and Matt Trzepacz, both with Hill International, said grantees using the design/build method of project delivery must do better upfront planning, enter into agreements with utilities early on and use multiple NTPs to coincide with New Starts milestones. PMOCs also found it difficult to get detailed scope and schedule information from grantees since the data resides with the grantee’s design/build contractor.

PMOCs pointed out they wanted more guidance on how to use Letters of No Prejudice (LONP) and on how to develop project plans. Projects constructed under design/build contracts, they said, may take less time but offer less cost certainty.

Donna Douville, Program Management and Oversight Team Leader, Region 8, explained that FTA needs to remain flexible in its reviews depending on the project delivery method grantees are using. One grantee with a design/build contract in Denver, for instance, may put off submitting deliverables to FTA because grantee’s contractors haven’t yet done the work. Another grantee, by comparison, may gain entry into Final Design right away and, shortly after, submit their request for FFGA.

“In that case,” she said, “we may want to modify our expectations of the PMOCs in terms of whether they really need to review everything again when the FFGA is around the corner.”

Discussion

Participants asked questions about challenges of using design/build contracts.

Douville pointed out that the milestones set by design/build contractors don’t always match those set by FTA. In addition, the design/build contractors’ plans on how to best proceed with construction don’t always align with activities approved under FTA’s pre-award authority. “We end up getting requests for LONPS prior to FFGA so design/build contractors can start working.”

Oversight of ARRA-Funded Projects and OP 61

Jessica Shaw, Contracting Officer's Technical Representative, Office of Engineering

Dev Soni, Transportation Program Specialist, Region 3

Roy Tucker, Transportation Program Specialist, Region 3

Art Keltos, Hill International

Mary Martha Churchman, FTA Senior Policy Advisor, Office of Program Management

Accompanying Power Point:

Power Point Presentation – Dev Soni and Roy Tucker

Power Point Presentation – Art Keltos

Power Point Presentation – Mary Martha Churchman

Dev Soni and Roy Tucker—both transportation program specialists from Region 3—provided an overview of ARRA program grants and recipients. They pointed out that 75 ARRA grants have been awarded in Region 3 for nearly \$931 million, over 60 percent of which have already been expended.

PMOCs, they said, have been utilized to provide oversight of construction projects over \$5 million and of other sensitive projects by conducting technical capacity reviews, monitoring progress and cost reviews and preparing monthly reports of grantee activities to FTA.

Lessons Learned: Visit construction sites early-on in the oversight process and make Buy America and safety part of the oversight visit. Conclusion: Coordination between PMOC, grantees and FTA is the key to project success.

Art Keltos, Hill International, reported that ARRA projects include rail and subway station rehabilitation, light rail system upgrades and heavy rail yard improvements. Some grantees, he said, are getting inaccurate “input” from their contractors about ARRA reporting requirements, and addressing Buy America compliance too late in the projects’ development.

PMOCs, he said, are receiving new Task Orders funded through the ARRA program and will have to comply with the same ARRA reporting requirements as the grantees.

Mary Margaret Churchman, FTA Senior Policy Advisor, Office of Program Management, focused her presentation on implementing the requirements of Section 1512 of the American Recovery and Reinvestment Act. She said that prime recipients of ARRA funding, including federal contractors, must file reports on their activities. She then outlined reporting timeframes and formats for submissions.

The reports, available to the public, must include information on the number of jobs paid for by ARRA funds, description of jobs created, amount of awards and primary place of performance. Under certain circumstances, reports must also include names and total compensation of each of the five most highly compensated officers of the recipient for the calendar year in which the grant is awarded.

OMB, she said, advises that reports provide clear and complete information on the award purpose, scope and nature of activities, outcomes and status of activities.

Discussion

Jessica Shaw, Contracting Officer's Technical Representative, Office of Engineering, said that her office is going over the list of ARRA projects with the region. HQs will let regional TOMs know which ARRA task orders have been awarded.

One participant pointed out that OP 61 calls for a one-time review of a project with some exceptions. He asked what criteria FTA regions use to determine the level of ARRA project reviews?

Soni said that having “continuous monitoring of programs” is a good idea “to be on the safe side.” PMOCs are asked to visit grantees monthly. Site visits and reports of site visits to monitor progress, schedule and federal compliance are ongoing.

Oversight of Small Starts Projects

Melanie Choquette, Transportation Program Specialists, Region 9

Ron Anderson, Kal Krishnan Consulting Services

Accompanying Power Point:

Power Point Presentation– Melanie Choquette and Ron Anderson

The speakers explained that for projects to qualify under the Small Starts Program they must cost under \$250 million. Smaller projects do not necessarily carry less risk. In fact, Small Starts projects could benefit from more reviews and milestones.

Under Small Start projects, Preliminary Engineering and Final Design are combined into one phase—Project Development. Financial assistance under Section 5309 for construction is provided through a Project Construction Grant Agreement (PCGA), negotiated during project development.

Recommendations: Embrace peer reviews, conduct an engineering workshop just focusing on Small Starts for newer grantees, implement formal Technical Capacity and Capability review processes for Small Starts, assure risk management processes are in place and develop a more detailed “PCGA Checklist” for inclusion in the Master Schedule.

Discussion

One participant expressed his concern about approaching inexperienced grantees that need “technical assistance as much as they need oversight.” When making Small Starts submittals, how much detail does FTA expect PMPs to have?

James said the Small Starts program was originally designed to be more streamlined. “We were careful to not do overkill with respect to oversight,” he said. Originally, lower cost projects were thought to need less oversight. “We are learning that this is not the case,” he said. Under the NPRM for project management, the Administrator can declare Small Starts a major Capital Project, subjected to the same type of reviews and assessments as major projects.

The NPRM also includes a definition for “sufficient” technical capacity and capability. “There are some grantees,” said James, “who don’t know what that means until the PMOCs show up.”

FTA will determine whether grantees need project oversight based on its own observations and feedback from the regions. “If we decide we can benefit and it’s cost effective to apply an intensive level of oversight, then we are prepared to do so,” he said. “There is no written policy as of yet as it pertains to oversight of Small Starts.”

A participant asked how regional staff can provide feedback to HQs about the needs of grantees. James suggested that feedback be provided during the New Starts biweekly meetings.

Friday, January 21, 2011

Tools for Successful PMO Implementation—Part 4

Projects Cost Escalation Practices

Vince Gallagher, Hill International

John Lehman, Hill International

Accompanying Power Point:

Power Point Presentation – Vince Gallagher and John Lehman

Speakers said that FTA has had extended discussions with grantees over the acceptable rates of escalation. The agency’s objective is to have a consistent approach to the selection of escalation factors for project’s cost estimates. PMOCs’ determine the national and global economic outlook by reviewing factors affecting transport, raw material shortages or price increases, local market conditions, local labor shortages and trends in material pricing.

Discussion

One participant asked what tools FTA suggests PMOCs use to predict spikes such as the recent steel cost hike.

Speakers said if contractors know they'll have a spike in prices due to local labor conditions, for instance, they could compensate for that in the base cost estimate. Contingency, they said, should cover the cost increase. "I don't think you should take an entire project and adjust escalation for certain commodities taking the jump," one of the speakers said.

They added that entities can compensate for expected inflation in commodities in the escalation rate, or use index pricing in the contracts. They recommended that escalation factors be set from one of the recognized indexes.

Readiness to Bid Construction Work – OP 53

Michael O'Connor, Senior Risk Manager, Region 2

Accompanying Power Handout:

Readiness to Bid Construction Work Handout

Michael O'Connor, Senior Risk Manager, Region 2, said that simply forecasting risks isn't enough to ensure a project's success. "If you have the tools and you have the capability of addressing it," he said, "you can push back on risk exposure."

The risks forecasted in 2008 for 2010 "fits amazingly," he said. The actuarial model used was comprised of data from 35 projects and four disciplines.

O'Connor described the difference between two models. OP- 40 stimulates mitigation over time. OP 53 mitigates capacity and focuses on managing the ability to mitigate different types of risks.

Cost growth and cost overrun are different. "To know what's happening within a project," he said, "you have to do it at a work package level. Project level reporting is inherently unreliable and lags anywhere from 12 to 18 months."

PMO Experiences—Part 2

Access to the Region's Core

Brigid Hynes-Cherin, FTA Regional Administrator, Region 2

Brigid Hynes-Cherin, FTA Regional Administrator, Region 2, explained that OP 53 was used as a risk assessment management tool allowing grantees to predict the impact of project changes on cost and schedule early on, before the information is submitted to management.

OP 53 allowed FTA to define and defend its basis for risk and to select numbers given to New Jersey Transit and ultimately used in its FFGA preparation. Through this tool the agency was able to tell the Administrator that the only way to bring the project in at \$9.1 billion was for New Jersey Transit to adopt and begin implementing additional management processes.

Discussion

Several participants expressed frustration over grantees who disregard FTA’s guidances. Can FTA impose penalties against them? An FTA staffer asked: “How much time do we give a grantee to become responsible until we say, no more?”

Hynes-Cherin said that some grantees view FTA as “having no real world experience” so they downplay recommendations the agency makes. “You can go a long time in denial before the issue turns into a cost or schedule problem,” she said. That’s why forecasting is so important, she added. They have to forecast out at least 24 months to see the implications of decisions they make today.

James said that grantees have to meet certain requirements. “It gets down to what are the performance measures the agency puts in place for grantees and how do we hold them accountable to those measures.”

Los Angeles Westside Subway Extension & Regional Connector Projects—Risk Experience

Ray Tellis, Team Leader, Los Angeles Metro Office

Kim Nguyen, Project Engineer, Office of Engineering

Cliff Wong, PGH Wong Engineering

Accompanying Power Point:

Power Point Presentation – Cliff Wong

Speakers laid out the top risk factors involved in building the Westside Subway Extension. Risks included a multitude of concurrent projects, 1.5 miles of gassy grounds—including Methane, Hydrogen Sulfide and Tar Sands—paleontological deposits and abandoned oil wells. The project lacked overall project definition, speakers explained, because it was part of an accelerated Preliminary Engineering effort.

Panelists concluded that risk assessments are valuable exercises at entry into Preliminary Engineering to inform FTA of project risks and establish the Risk and Contingency Management

Plan. They also prepare grantees for what to expect in the Preliminary Engineering phase of the project.

Discussion

One participant commented that grantees are in the best position to identify risk, but “we find they are not as honest at the end of the day.” He questions how “independent” the grantees’ risk assessments can be when they are often conducted by the same firm doing the design.

WMATA Extension to Whiele Avenue

Brian Glenn, Director, Washington, D.C. Metro Office

Accompanying Power Point:

Power Point Presentation– Brian Glenn

Brian Glenn, Director of Washington, D.C. Metro Office, described the Dulles Corridor Metrorail Project and said that internal issues at FTA delayed addressing Office of Inspector General (OIG) hotline complaint from November 2008 to May 2009.

Even WMATA staff was only aware of one foundation when doing Alternatives Analysis and environmental work because the partial pier was built above ground, he said. The only documentation available was a Soils Investigation Report and original design drawings for WMATA’s 1-66/DCR foundations.

The OIG didn’t fully understand FTA or PMOC roles and “mistakenly believe we do project management, not project management oversight.”

FTA still needs to clearly define the agency’s role as it pertains to oversight of major capital projects—a clarification that will shape the role of PMOCs in various areas, including design reviews. Finally, FTA must educate OIG leadership and staff so they will have a “realistic” picture of the agency’s role in oversight.

Discussion

A participant asked whether Glenn could give an estimate of how much money was saved by using foundations in the project.

Glenn said he didn't know because under a design/build contract there is no cost recovery or specific cost estimate for going through the testing programs.

Closing Discussion

Aaron James, Director, Office of Engineering

James summed up the meeting's highlights and reiterated that FTA will be asking for feedback on improving oversight procedures. "We have OPs in place for consistency across regions," he said. "We don't want them changed on an individual basis by firms or regions."

His office is also reviewing the Paperwork Reduction Act requirements to ensure that FTA is not placing undue burden on grantees.

James opened up the floor for suggestions on improving the PMOC's Annual Conference. Participants' comments are highlighted below.

- PMOCs attending the next PMOC conference should give 30 minute presentations on Lessons Learned from various projects they worked on.
- The risk management breakout session was well received. FTA should consider holding similar sessions addressing other aspects of transit development at future conferences.
- FTA will look into whether PMOCs can share information about projects without violating confidentiality clauses.
- Mike O'Connor announced that New York University is developing an accredited risk management sub-discipline which may be accredited by the American Society of Civil Engineers. Anyone interested in working in this area should contact O'Connor.

The conference was adjourned.

Federal Transit Administration
2011 PMOC Annual Conference
January 19-21, 2011
The Dupont Hotel
1500 New Hampshire Ave., NW
Washington, DC, 20036

ACTION ITEMS

- The Office of Research and Innovation will continue working closely with the Office of Program Management to identify areas of research that can address current needs.
- FTA will look into travel problems encountered by contractors unable to get hotel government rates.
- FTA will examine how it can improve its oversight in a variety of settings.
- A procurement oversight working group will be established to “fast track” improvements.
- FTA is planning to streamline the development process for New Starts and Small Starts. Questions being considered: Should oversight be determined by funding levels? By level of project risk? By grantee’s experience?
- Small Starts oversight policies have not been developed yet, but the Administrator has the authority to declare a Small Starts project be a Major Capital project, subject to the same type of reviews and assessments.
- TPM and regional staff should provide feedback on project development during the New Starts Biweekly Meetings.
- FTA will look into offering an NTI course on risk management for grantees’ staff to familiarize them with the transit development process before PMOCs conduct reviews.
- FTA was asked to consider whether grantees preparing to enter into PE could benefit from attending a separate workshop on the New Starts process.
- FTA will look into whether PMOCs can share information about projects with each other without violating confidentiality clauses.
- Does FTA have in place performance measures for grantees and how will it hold them accountable to those measures?

- The Office of Engineering will put together a team of regional engineers, PMOCs and HQ staff to brainstorm ways to improve oversight procedures.
- FTA is reviewing the Paperwork Reduction Act requirements as it pertains to the project management's NPRM to ensure grantees are not unduly burdened.
- PMOCs attending the next PMOC conference should give a 30 minute presentation on Lessons Learned from various projects.
- The risk management breakout session was well received. FTA was asked to consider holding similar sessions addressing other aspects of transit development at future conferences.
- FTA said it may need legislative authority to help grantees develop technical capacity and capability so they can successfully manage their projects.
- FTA may assign a PMOC to oversee a grantee who is developing PTC equipment.